

CHESANING-BRADY FIRE
ADMINISTRATIVE BOARD

FINANCIAL STATEMENTS
AND AUDITORS' REPORT

MARCH 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Chesaning-Brady Fire Admin Board	County* SAGINAW	Type* OTHER	MuniCode* 73-7-518
Opinion Date-Use Calendar* Sep 9, 2008	Audit Submitted-Use Calendar*	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies?
	19. If so, was it attached to the audit report?

General Fund Revenue:	? \$ 281,495.00
General Fund Expenditure:	? \$ 206,448.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	? \$ 291,043.00
Governmental Activities Long-Term Debt (see instructions):	?

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Lori	Last Name* Chant	Ten Digit License Number* 1101020651		
CPA Street Address* 217 N Washington St	City* Owosso	State* MI	Zip Code* 48867	Telephone* +1 (989) 723-8227
CPA Firm Name* Demis and Wenzlick, PC	Unit's Street Address* 1632 W Brady St	Unit's City* Chesaning	Unit's Zip* 48616	

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CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
LIST OF APPOINTED OFFICIALS
MARCH 31, 2008

FIRE AUTHORITY BOARD

Doug Corwin	President - Chairperson
Mary Vanloon	Secretary – Treasurer
Greg Wirostek	Trustee
Carl VanHorn	Trustee
Bob Corrin	Trustee
Daniel Ryan	Chief
Scott Fall	Assistant Chief



DEMIS and WENZLICK, P.C.

Certified Public Accountants

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Owosso, MI 48867

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James Demis, Jr., C.P.A.
LaVearn G. Wenzlick, C.P.A.
Lori S. Chant, C.P.A.
Geraldine Terry, C.P.A.

Tracy Bublitz
Vickie Clayton
Carol Demis
Jeannette Gaitskill
Kathy Kimmerer
Erica Marks
Janis Mead
Tammy Pappas
David Pullen
Dean Roach
Vicki Schuler
Joyce Simmons
Barbara Wenzlick
Bruce Wenzlick

INDEPENDENT AUDITORS' REPORT

Members of the Board
Chesaning-Brady Fire Administrative Board
Chesaning, Michigan

We have audited the accompanying financial statements of the governmental activities and the discretely presented component unit information of Chesaning-Brady Fire Administrative Board, as of and for the year ended March 31, 2008, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the discretely presented component unit information of the Chesaning-Brady Fire Administrative Board as of March 31, 2008, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The introductory section and the other supplemental information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Dennis and Wenzel, P.C.

Certified Public Accountants

Owosso, Michigan
September 9, 2008

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Chesaning-Brady Fire Administrative Board (the Board's) financial performance and position, providing an overview of the activities for the year ended March 31, 2008. This analysis should be read in conjunction with the Independent Auditors Report and with the Board's financial statements, which follow this section. The fiscal year ended March 31, 2008 represents the second year the Board has reported under the provisions of the Governmental Accounting Standards Board (GASB) No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as amended by GASB Statement No. 37 Basic Financial Statement and Management's Discussion And Analysis for State and local Governments – Omnibus and Statement No. 38 Certain Financial Statement Note Disclosures. This discussion and analysis does not provide comparisons with previous years.

Financial Results

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2008:

- Fire Protection Fees represent our largest revenue source in the General Fund, increased \$27,321.
- The fund balance of the Township's General Fund decreased \$38,374 to \$731,809.

Using this Annual Report

This annual report consists of a series of financial statements. The state of net assets and the statement of activities provide information about the activities of Chesaning-Brady Fire Administrative Board as a whole and represent a longer-term view of the Board's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the board has funded the full cost of provide government services.

The fund financial statements present a short-term view; they tell us how the boards resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of Chesaning-Brady Fire Administrative Board in more detail than the government-wide financial statements by providing information about the Board's most significant funds.

**CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Board as a Whole

The following table shows, in a condensed format, the net assets of the Board as of March 31, 2008:

Current Assets	\$ 310,572
Capital Assets	<u>440,767</u>
Total Assets	<u>\$ 751,339</u>
Current Liabilities	<u>\$ 19,530</u>
Total Liabilities	<u>\$ 19,530</u>
Net Assets	<u>\$ 731,809</u>

The following table shows the change in net assets for the year ended March 31, 2008:

General Revenues	
Township Contributions	\$ 275,286
Investment Earnings	4,581
Miscellaneous	<u>1,628</u>
Total Revenues	<u>\$ 281,495</u>
Program Expenses	
General Government	\$ 308,496
Transfer to Component	<u>11,373</u>
Total Expenses	<u>\$ 319,869</u>
Change in Net Assets	<u>\$ (38,374)</u>

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

The Board's governmental revenues totaled \$281,495 with the largest revenue source being Township Contributions from the Townships of Chesaning, Brady & Chapin.

The Board incurred expenses of \$308,496 during the year. All of the expenses are associated with the general government functions.

The Board's Funds

The analysis of the Board's governmental funds begins on page 9 following the government-wide financial statements. The fund financial statements provide detailed information about the general government fund.

The General Fund pays for all of the Board's governmental services.

General Fund Budgetary Highlights

The Board did make budget adjustments during the year. There was an overall favorable budget to actual variance of \$25,048.

Capital Assets

At the end of the fiscal year, the Board had approximately \$788,450 (valued at historical cost) in assets which include equipment and vehicles. Accumulated depreciation recorded for the Board's assets was \$347,063.

Contacting the Board's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Board's finances and demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional information, we encourage you to contact a Board official at the Fire Station at (989) 845-2552.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
SAGINAW COUNTY, MICHIGAN
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
MARCH 31, 2008

	<u>Governmental Activities</u>	<u>Total</u>	<u>Component Unit</u>
ASSETS:			
Cash and Investments	\$280,594	\$280,594	\$ 22,167
Receivables (Within One Year)	29,978	29,978	
Capital Assets Being Depreciated, Net	<u>440,767</u>	<u>440,767</u>	<u>1,452,162</u>
TOTAL ASSETS	<u>\$751,339</u>	<u>\$751,339</u>	<u>\$1,474,329</u>
LIABILITIES:			
Accounts Payable	\$ 4,953	\$ 4,953	\$
Accrued Liabilities	14,577	14,577	21,820
Notes Payable – Due Within One Year			10,000
Non-Current Liabilities: Due Beyond One Year			<u>995,000</u>
TOTAL LIABILITIES	<u>\$ 19,530</u>	<u>\$ 19,530</u>	<u>\$1,026,820</u>
NET ASSETS:			
Invested in Capital Assets (Net of Related Debt)	\$440,767	\$440,767	\$ 425,342
Restricted For:			
Bond Reserves			
Unreserved	<u>291,042</u>	<u>291,042</u>	<u>22,167</u>
TOTAL NET ASSETS	<u>\$731,809</u>	<u>\$731,809</u>	<u>\$ 447,509</u>

The accompanying notes are an integral part of these financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
SAGINAW COUNTY, MICHIGAN
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

<u>Program Revenues</u>					
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue & Change in Net Assets</u>	<u>Component Unit</u>
Governmental Activities:					
General Government	\$(308,496)	\$	\$	\$ (308,496)	\$
Component Unit:					
Chesaning-Brady Joint Building Authority	\$ (58,295)				(58,295)
General Revenues:					
Township Contributions				275,286	
Investment Earnings				4,581	
Rent Income					47,000
Miscellaneous				78	
Donations				<u>1,550</u>	
TOTAL GENERAL REVENUES				\$ 281,495	\$ 47,000
Transfers				<u>(11,373)</u>	<u>11,373</u>
CHANGES IN NET ASSETS				\$ (38,374)	\$ 78
Net Assets – Beginning – As Restated				<u>770,183</u>	<u>447,431</u>
NET ASSETS – ENDING				<u>\$ 731,809</u>	<u>\$447,509</u>

The accompanying notes are an integral part of the financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
SAGINAW COUNTY, MICHIGAN
BALANCE SHEET
AS OF MARCH 31, 2008

	Governmental <u>Activities</u>
ASSETS:	
Cash and Cash Equivalents	\$280,594
Receivables	<u>29,979</u>
TOTAL ASSETS	<u>\$310,573</u>
LIABILITIES:	
Accounts Payable	\$ 4,953
Accrued Liabilities	<u>14,577</u>
TOTAL LIABILITIES	\$ 19,530
FUND BALANCE:	
Unrestricted	\$291,043
Restricted	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$310,573</u>

The accompanying notes are an integral part of the financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
GOVERNMENTAL FUND
RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUNDS
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
MARCH 31, 2008

Total Fund Balances for Governmental Funds	\$291,043
Capital Assets used in Governmental Activities are not Financial Resources and therefore are not Reported in the Funds	<u>440,766</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$731,809</u>

The accompanying notes are an integral part of the financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2008

	Governmental Activities
REVENUES:	
Contribution – Chesaning Township	\$190,796
Contribution – Chapin Township	4,434
Contribution – Brady Township	80,056
Interest Income	4,581
Donations	1,550
Sign Sales, Copies, Miscellaneous	<u>78</u>
TOTAL REVENUES	\$281,495
EXPENDITURES:	
Wages	\$ 41,451
Payroll Taxes	3,171
Maintenance and Supplies	23,971
Insurance	20,680
Fuel	4,197
Utilities	9,395
Professional Fees	9,415
Training, Education and Dues	2,969
Rent	1,387
Office Expenses	49,000
Prevention	1,095
Retirement/401k	2,122
Equipment Replacement	6,864
Interest Expense	3,701
Principal Payments	85
Property Tax	1,032
Penalty	428
Grant Expense	<u>25,485</u>
TOTAL EXPENDITURES	<u>\$206,448</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 75,047
OTHER FINANCING SOURCES:	
Transfer Out – Capital Assets	<u>\$ (11,373)</u>
TOTAL OTHER FINANCING SOURCES	<u>\$ (11,373)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	\$ 63,674
Fund Balance April 1, 2007	<u>227,369</u>
FUND BALANCE MARCH 31, 2008	<u>\$291,043</u>
The accompanying notes are an integral part of these financial statements.	

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
GOVERNMENTAL FUND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

Net Change in Fund Balance – Total Governmental Funds	\$ 63,674
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Governmental Funds report Capital Outlays as Expenditures.
However, in the Statement of Activities the cost of these
Assets is Allocated over the Estimated Useful Lives and
Reported as Depreciation Expense.

Depreciation Expense	<u>(102,048)</u>
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Some Activities do not require the use of Current Financial
Resources and therefore are not Reported in the Governmental
Funds.

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$(38,374)</u>
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The accompanying notes are an integral part of these financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
COMPONENT UNIT
BALANCE SHEET
MARCH 31, 2008

	Chesaning – Brady Joint Building <u>Authority</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$22,167</u>
FUND BALANCE:	
Unrestricted	<u>\$22,167</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$22,167</u>

The accompanying notes are an integral part of the financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
 COMPONENT UNIT
 RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUND
 TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
 MARCH 31, 2008

	Chesaning – Brady Joint Building <u>Authority</u>
Total Fund Balances for Governmental Funds	\$ 22,167
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds	1,452,162
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term – are reported in the statement of net assets	
Balances as of March 31, 2008 are as follows:	
Accrued Interest	(21,820)
Bonds Payable	<u>(1,005,000)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 447,509</u>

The accompanying notes are an integral part of the financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
 COMPONENT UNIT
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 YEAR ENDED MARCH 31, 2008

	Chesaning – Brady Joint Building <u>Authority</u>
REVENUES:	
Rent Income	\$ 47,000
TOTAL REVENUES	\$ 47,000
EXPENDITURES:	
Capital Expenditures:	
Building	\$687,144
Principal Payment	10,000
Interest Expense	13,024
Bank Charges	<u>58</u>
TOTAL EXPENDITURES	\$710,226
OTHER FINANCING SOURCES (USES):	
Transfer In	\$ 11,373
Bond Proceeds	<u>659,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$670,373</u>
NET CHANGE IN FUND BALANCE	\$ 7,147
Fund Balance – Beginning	<u>15,020</u>
FUND BALANCE – ENDING	<u>\$ 22,167</u>

The accompanying notes are an integral part of the financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
 COMPONENT UNIT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED MARCH 31, 2008

	Chesaning – Brady Joint Building <u>Authority</u>
Net Change in Fund Balances – Total Governmental Funds	\$ 7,147
Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds	
Proceeds from Bonds	(659,000)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation Expense	(23,393)
Capital Expenditures – Building	687,144
Repayment of principal is an expenditure in the government funds but reduces the liability in the Statement of Net Assets	
Repayment of Long-Term Debt	10,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Change in Accrued Interest	<u>(21,820)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 78</u>

The accompanying notes are an integral part of the financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The organization was formed March 1, 1996, by the following units of government:

Township of Chesaning
Village of Chesaning
Township of Brady

The organization was formed pursuant to authority granted under P.A. 7 of 1967, the stated purpose of which is to provide fire protection for the residents of the units of government.

For financial reporting purposes, in conformance with NCGA Statement No. 3, Defining the Governmental Reporting Entity, the Organization includes all funds, account groups, agencies, board, commissions and authorities that are controlled by or dependent on the organization. Control by or dependence on the organization was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the organization to finance any deficits that may occur or receipt of significant subsidies from the organization.

Based on the foregoing criteria, the Chesaning-Brady Joint Building Authority is included in the organization's report as a discretely presented component unit. The complete financial statements of the Chesaning-Brady Joint Building Authority may be obtained by requesting them from the Chesaning-Brady Fire Administrative Board.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT
PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. When an expense is incurred for purpose for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECEIVABLES

Receivables are recognized for all significant amounts due the Authority. Valuation reserves have not been provided for since collection is not considered doubtful and any uncollected amounts would be immaterial. At year end, the Authority had no receivables.

ENCUMBRANCES

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

INVENTORIES AND PREPAID ITEMS

The costs of governmental fund-type inventories and certain payments to vendors are recorded as expenditures when purchased.

COMPENSATED ABSENCES

There are no compensated absences.

BUDGETS AND BUDGETARY ACCOUNTING

The organization follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the treasurer submits to the Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budgets are approved by each of the controlling units of government.
3. Prior to April 1, the budget is legally enacted through Board approval.
4. The budget for the General Fund was adopted on the basis prescribed in P.A. 621 of 1978, as amended, which is consistent with accounting principles generally accepted in the United States of America. The budget of the General Fund is adopted on a fund basis; thus expenditures may not legally exceed the budgeted total for the fund.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenue are reported as general revenues.

OPERATING LEASE

The organization leases a building from the Village of Oakley. This building houses fire equipment. The lease for one year is renewable, and has been classified as an operating lease.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building and Building Improvements	15 to 40 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2008

NOTE B – FIXED ASSETS

The policy of the organization is to reflect the total vehicles and attachments thereon, in the financial statements. The assets not included in this report include tools, pagers, radios, air equipment, furnishings and computer equipment. The total cost of these items exceed \$250,000.

Additionally, the organization has the use of certain vehicles owned by the State of Michigan – DNR. The organization pays all associated costs for these vehicles, which have an estimated cost of \$8,200.

Estimated Original Cost of Fixed Assets as of March 31, 2007	\$788,450
Purchases	0
Removals During the Fiscal Year	<u>0</u>
FIXED ASSETS AT MARCH 31, 2008	<u>\$788,450</u>

The land and building in Chesaning, Michigan is owned by the Village of Chesaning. The organization has use of the building, at no cost, other than payment of expenses associated with the building.

The land and costs associated with the new building were transferred to the Component Unit, Chesaning-Brady Joint Building Authority.

NOTE C – PENSION PLAN

The organization has elected to allow its employees to participate in a pension plan. This pension plan is recognized under IRS Code Section 457. This pension is in conjunction with an existing plan that was established by Chesaning Township. It allows for up to 5% of pay of employees to be withheld and the Board pays 10%. This plan was effective April 1, 2000. The current year expense was \$6,864.

NOTE D – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18 (a) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the organizations actual expenses and budgeted expenses of the budgetary funds reflect where the actual expenses exceed budgeted amounts. The over expenditure was funded by revenues in excess of budgeted amounts and available fund balance.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2008

NOTE E – CASH AND INVESTMENTS

State statutes authorize the Authority to invest its surplus funds in the following investments: certificates of deposit; savings accounts and deposit accounts with banks which are members of the Federal Deposit Insurance Corporation (FDIC); savings and loan association which are insured by the FDIC; credit unions which are insured by NCUA; bonds, bills or notes of the United States; commercial paper rated in the three highest rate classifications established; U.S. Government or federal agency obligation repurchase agreements composed of eligible collateral whose market value must be maintained equal to or greater than the amounts advanced, and with an undivided interest; and mutual funds and investment pools composed entirely of investments which are legal for direct investment by local units of government in Michigan.

The Organization's deposits consisted of cash at one financial institution.

<u>March 31, 2008</u>			
<u>Institution A</u>	<u>Amount</u>	<u>FDIC Insured</u>	<u>Uninsured</u>
Cash – Checking	\$ 58,240	\$ 58,240	\$
Cash – Savings	167,822	100,000	67,822
Certificate of Deposit	<u>54,532</u>		<u>54,532</u>
	<u>\$280,594</u>	<u>\$158,240</u>	<u>\$122,354</u>

NOTE F – RESTRICTED NET ASSETS

On January 10, 2007, Connie Klein made a donation to the Administrative Board to be used to purchase furnishings and training center televisions. As of March 31, 2008, the required purchases had been made.

NOTE G – RELATED PARTY (COMPONENT UNIT) TRANSACTIONS

OPERATING LEASE

The Chesaning – Brady Joint Building Authority, a component unit of Chesaning – Brady Fire Administrative Board, signed a lease on August 1, 2006 with Brady Township (32.5%) and Chesaning Township (67.5%). This lease calls for each Township to be responsible to the Authority for their respective shares of the annual bond principal and interest due. The Township's in turn subleased the fire station to Chesaning – Brady Fire Administrative Board. The Fire Board will pay the Authority at least the amount needed to pay the annual bond and interest payments.

TRANSFER

The Chesaning – Brady Fire Administrative Board also transferred capital assets totaling \$11,373.

REQUIRED SUPPLEMENTAL INFORMATION

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MARCH 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Contribution – Chesaning Twp.	\$168,831	\$168,836	\$190,796	\$ (21,960)
Contribution – Chapin Twp.	4,400	4,277	4,434	(157)
Contribution – Brady Twp.	70,073	70,068	80,056	(9,988)
Interest Income			4,581	(4,581)
Grants				
Donations		1,050	1,550	(500)
Sign Sales, Copies, Misc.	<u>2,500</u>	<u>2,073</u>	<u>78</u>	<u>1,995</u>
TOTAL REVENUES	\$245,804	\$246,304	\$281,495	\$ (35,191)
EXPENDITURES:				
Wages	\$ 62,916	\$ 51,817	\$ 41,451	\$ 10,366
Payroll Taxes	4,725	3,977	3,171	806
Maintenance & Supplies	13,500	29,164	23,971	5,193
Insurance	20,000	25,850	20,680	5,170
Fuel	5,500	4,128	4,197	(69)
Utilities	10,000	11,753	9,395	2,358
Professional Fees	10,000	8,637	9,415	(778)
Training, Education & Dues	1,500	1,939	2,969	(1,030)
Clothing	4,500	1,387	1,387	
Rent	57,200	58,856	49,000	9,856
Office Expenses	1,500	396	1,095	(699)
Prevention	2,500	2,122	2,122	
Retirement/401k	6,750	3,808	6,864	(3,056)
Equipment Replacement	213	3,844	3,701	143
Interest Expense			85	(85)
Property Tax			1,032	(1,032)
Penalty			428	(428)
Grant Expense			25,485	(25,485)
Capital Expenditures:				
Vehicle Replacement	<u>45,000</u>			
TOTAL EXPENDITURES	\$245,804	\$207,678	\$206,448	\$ 1,230
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$	\$ 38,626	\$ 75,047	\$ (36,421)

The accompanying notes are an integral part of these financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
FOR THE FISCAL YEAR ENDED MARCH 31, 2008

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
OTHER FINANCING SOURCES:			
Transfers Out – Capital Assets	\$ _____	\$ _____	<u>\$ (11,373)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	<u>\$ _____</u>	<u>\$ 38,626</u>	\$ 63,674 <u>\$ (25,048)</u>
Fund Balance April 1, 2007			<u>227,369</u>
FUND BALANCE MARCH 31, 2008			<u>\$291,043</u>

The accompanying notes are an integral part of the financial statements.